Global Equity Priorities — Eric Baggesen

| Objective 2 Tropices 2 Pro Buggesen | Ctatue | Accomplishments |
|---|--------|--|
| Meet / beat benchmarks | Status | Accomplishments CYTD Returns 8.76% vs. Benchmark of 8.24% (as of October 31, 2010) Finalized data cleansing process Finalized quarterly reporting template Funded HSBC environmental portfolio Released Relative Return Optimization module Commissioned External Capital Allocation vendor Benchmark Migration – FTSE All-World IEPC – Vendor demonstrations |
| Integrate Environmental, Social, and Governance | | See Strategic Initiative – Financial Market Reform |
| Finish reorganization of team | | Formed cross-section teams (investment portal process, manager skill, data preparation project) Completed duty statement review (Corp Gov and Internal Equity) Reorganized functions to better align skills and duties Developed Global Equity target operating model |

Global Fixed Income Priorities — Curtis Ishii

| Objective | Status | Accomplishments |
|-------------------------------------|--------|--|
| In-source internal money management | ✓ | Moved \$2.6 billion to internal management in 2010 |
| Clarify role of fixed income | • | CYTD Returns 13.98% vs. Benchmark of 12.13% (as of October 31, 2010) Investment Strategy Group agreed on language to create two different area categories and goals Global Fixed Income Policy was approved by PSC in August to changed the guidelines to reduce volatility of the active fixed income portfolio relative to the benchmark |

Legend:

Real Estate Priorities — Ted Eliopoulos

| Objective | Status | Accomplishments |
|---|--------|--|
| Complete and implement manager reviews | | In progressSixty-seven percent of manager reviews finalized. |
| Continue restructuring of risk, leverage, and valuation | | In progress |
| Clarify role of Real Estate | ✓ | Completed |
| Revise Real Estate Strategic Plan | | Revised Strategic Plan Will be presented to Investment Committee in February 2011 |
| Implement enhanced systems and controls | | In progress |
| Make core allocations for new investment opportunities | | In progress |

AIM Priorities — Joseph Dear

| Objective | Status | Accomplishments |
|---|--------|---|
| Enhance performance | | Engaged Credit Suisse to assist in portfolio review Exploring rebalancing options Successfully restructured six funds \$39M in fee cuts in 2010 Engaged secondary sale advisor Contributed to development of the upcoming CalPERS for California report Completed internal LBO review |
| Emphasize contrarian/ opportunistic investments | | Committed to new "rescue capital" fund (50% IRR to date) Thoroughly evaluated distressed bank investment opportunity |
| Build co-investment capability | | Developing more efficient screening process for direct investment opportunities Currently working to develop direct/co-investment strategy |

Legend:

✓ = complete

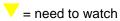
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ILAC Priorities — Ted Eliopoulos

| Objective | Status | Accomplishments |
|---|----------|--|
| Infrastructure: Build direct investment capability | | Executed the acquisition of the first direct investment for the Infrastructure Program |
| Infrastructure: Obtain delegations to enable effective implementation | ✓ | Obtained interim Delegations of Authority for the Infrastructure and Forestland Programs Transferred and transitioned SIO- level management responsibility for ILAC |
| Review ILAC benchmark based on asset mix and results | | In progress Advanced infrastructure-focused relationships with several public pensions |
| Conduct ILAC Program review in March 2010 | ✓ | Presented the 2010 ILAC Program Review to the IC |
| Focus on performance | | Delivered quarterly performance update presentation to the CIO Established strategic roles for ILAC component programs Commenced work on a strategic plan for the Infrastructure Program Developed a process for recruiting and appointing directors for investee company boards Conducted a forestland program portfolio review |

Legend:





Affiliate Investment Programs Priorities — Geraldine Jimenez

| Objective | Status | Accomplishments |
|---|--------------|--|
| Reduce Affiliate Investment Programs administrative costs | | Reduce administrative and program costs for the benefit of participant retirement savings by \$416K. In coordination with LEGO, evaluated and proposed new methodology for all SIP plans participate fees. |
| Produce three online videos to enhance member/employer education and customer service | \checkmark | Completed |
| Support legislation to expand products and services for enhancing retirement security | | Legislation approved for expanding the deferred compensation statute Working to develop and implement Roth 457 Plan. Coordinating with LEGO to develop legislation that allows an Employer Auto Enrollment option. |
| Raise visibility of Affiliate Funds | | Enhanced employer communications by providing online resources for both prospective and contracting agencies Proposed new asset allocations for Affiliate fund to Investment Committee |
| Update the Member Home Loan Program structure and services | | Issued Request for Proposal (RFP) for Program Manager and Servicer Made recommendations to Investment Committee to reduce program risks |

Legend:

= complete

= need to watch

Policy and Business Support Priorities — Kami Niebank

| Objective | Status | Accomplishments |
|--|----------|---|
| Improve contracting processes | | Completed a detailed review of the INVO contracts process Developed enhanced contract management database Improved Contract Unit procedures, tools, and templates Implemented bid request and Letter of Engagement process Published quarterly usage report of Pool Contractors for Investment Committee |
| Review incentive compensation program | √ | Reviewed existing performance compensation program and industry practices Presented recommendations to modify the incentive compensation program. Implemented approved changes to the plans for Fiscal Year 2010-11 |
| Improve Investment Office communication materials | | Developed agenda item and presentation templates and educate Staff on use of templates Piloted financial-specific writing class Created on-line resource page which includes templates and a link to the Document Resource Manual and Style Guide Initiated INVO Intranet Revamp project Coordinated bi-monthly INVO forums and newsletters |
| Advance organizational and leadership development in Investment Office | | Conducted all staff organizational culture survey, completed a comprehensive analysis and provided feedback to the leadership team Conducted new employee Senn Delaney and refresh session for INVO Senior Leaders, including one-on-one coaching Formed INVO Operating Committee Produced on-going INVO Speaker Series. Developed leadership performance measures for entire management team |

Legend:

✓ = complete

= need to watch

Operations, Performance & Technology Priorities — Matt Flynn

| Objective | Status | Accomplishments |
|---|--------|--|
| Initiate the RFP for an enhanced master custody structure | | Engaged Mercer Consulting for RFP development; released RFP July 30, 2010 Contracted with Project Manager to oversee the procurement phase Conducted 1st rounds of evaluations; completed interviews and on-site meetings. |
| Implement technology solutions | | Risk Management System: Released RFP for Risk Management System, procured Project Manager for RFP process, scored nine RFP responses, held vendor demonstrations, selected and contracted with the finalist. Investment Accounting: Placed onhold until early 2011 to realign project plan with Internal Equity Portfolio Construction and Master Custody efforts. Cash Reconciliation & Forecasting System: Performed extensive acceptance testing of the SSB CashPro system, worked with SSB to identify issues as they were discovered, began preliminary analysis of additional cash forecasting tool. |
| Develop and implement an investment data strategy | | Reviewed and evaluated vendor proposals; selected consultant for subject matter expertise Held working sessions with Target Operating Model (TOM) project team and sponsors Gathered requirements from the asset classes and business areas Presented draft Data Governance Outline to Operating Committee and senior staff |
| Strengthen internal control measures | | Completed initial draft of Pricing Committee governance framework. Included the need for a Pricing and Valuation Committee within the TOM project. |

